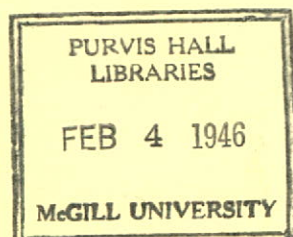


BRITISH COLUMBIA POWER CORPORATION LIMITED

ANNUAL REPORT



1936



BRITISH COLUMBIA POWER CORPORATION
LIMITED

ANNUAL REPORT

For the year ended June 30th
1936

1936

BRITISH COLUMBIA POWER CORPORATION LIMITED

Officers

W. G. MURRIN	-	-	-	-	-	-	-	-	-	-	<i>President</i>
A. T. GOWARD	-	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
E. H. ADAMS	-	-	-	-	-	-	-	-	-	-	<i>Vice-President and Treasurer</i>
E. ROGERS	-	-	-	-	-	-	-	-	-	-	<i>Secretary</i>

Directors

E. H. ADAMS
C. E. CALDER
JOHN DAVIDSON
S. GODIN, JR.
A. T. GOWARD
J. H. GUNDY
ANDREW P. HOLT

SIR HERBERT HOLT
GEORGE KIDD
H. R. MACMILLAN
W. G. MURRIN
A. J. NESBITT
AUSTIN C. TAYLOR
P. A. THOMSON

J. B. WOODYATT

THE ROYAL BANK OF CANADA	-	-	-	-	-	-	-	-	-	<i>Bankers</i>
ROYAL TRUST COMPANY	-	-	-	-	-	-	-	-	-	<i>Registrar</i>
MONTREAL TRUST COMPANY	-	-	-	-	-	-	-	-	-	<i>Transfer Agent</i>
PRICE, WATERHOUSE & CO	-	-	-	-	-	-	-	-	-	<i>Auditors</i>

Head Office of the Corporation

B. C. ELECTRIC BUILDING
Vancouver, B. C., Canada

FACTS ABOUT YOUR CORPORATION AND ITS SUBSIDIARIES

(As at June 30, 1936)

1. It serves a territory of over 1,500 square miles;
2. It renders service to a population of over 385,000, embracing 28 different communities;
3. It has 11 hydro-electric plants and 3 steam plants;
4. It has 77 substations and transformer stations;
5. It has 636 miles of high-tension transmission lines;
6. It has 2,712 miles of distribution pole lines;
7. It has 40 city street car and bus routes;
8. It has 4 interurban lines;
9. It employs 3,700 people;
10. It paid out in wages and salaries during the year more than \$5,200,000;
11. It operates 192 miles of street car lines;
12. It operates 156 miles of interurban lines, a total of 348 miles;
13. It operates 421 city and interurban passenger cars;
14. It operates 12 electric locomotives;
15. It operates 423 express freight and service cars;
16. It operates 60 motor buses and 17 motor freight trucks;
17. It operates 412 miles of motor bus and 107 miles of motor freight service;
18. It operated 16,770,938 passenger car and bus miles during the year;
19. The power generated by its power plants during the year totalled 516,396,260 K.W.H.;
20. It operates 11 stores for the sale of electric and gas appliances;
21. It has 3 gas plants, with a total daily capacity of 12,500,000 cubic feet.

BRITISH COLUMBIA POWER CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL
MEETING OF SHAREHOLDERS

Vancouver, B. C., September 4, 1936.

NOTICE IS HEREBY GIVEN to the Holders of the Corporation's Class "B" Shares that the Annual General Meeting of the Shareholders will be held in the Auditorium of the B. C. Electric Building, 602 Granville Street, Vancouver, B. C., on Thursday, the 24th day of September, 1936, at the hour of 11.30 o'clock a.m.

- (1) To receive the Annual Report of the Directors;
- (2) To receive the audited Balance Sheet made up to June 30, 1936, and Statement of Income and Expenditure for the financial period ending on that date;
- (3) To elect Directors for the ensuing year;
- (4) To appoint Auditors for the ensuing year; and
- (5) For the transaction of such other business as may legally come before the meeting.

By Order of the Board of Directors,

ERNEST ROGERS,

Secretary.

NOTE: By the Charter of the Company only holders of Class "B" Shares are entitled to attend at the Annual General Meeting of Shareholders and accordingly the above notice is given to such Shareholders only.

BRITISH COLUMBIA POWER CORPORATION LIMITED

Owns and controls the following companies:

BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY, LIMITED.

BRITISH COLUMBIA ELECTRIC POWER & GAS COMPANY, LIMITED.

VANCOUVER POWER COMPANY, LIMITED.

WESTERN POWER COMPANY OF CANADA, LIMITED.

BRIDGE RIVER POWER COMPANY, LIMITED.

BURRARD POWER COMPANY, LIMITED.

VANCOUVER ISLAND POWER COMPANY, LIMITED.

NATIONAL UTILITIES CORPORATION, LIMITED.

VANCOUVER, FRASER VALLEY & SOUTHERN RAILWAY COMPANY.

COLUMBIA ESTATE COMPANY, LIMITED.

BRITISH COLUMBIA RAPID TRANSIT COMPANY, LIMITED.

VICTORIA ELECTRIC COMPANY, LIMITED.

VICTORIA GAS COMPANY, LIMITED.

ANNUAL REPORT

of the Directors of

BRITISH COLUMBIA POWER CORPORATION LIMITED

Submitted at the Eighth Annual Meeting of the Shareholders held on
Thursday, 24th September, 1936.

TO THE SHAREHOLDERS:

Your Directors beg to submit the following Report and Financial Statements covering the operations of your Company and its Subsidiaries for the year ended 30th June, 1936.

INCOME AND EXPENSE STATEMENT

Gross Revenue \$13,950,956.23

EXPENSES:

Operating Expenses	\$6,109,968.52
Income and Property Taxes.....	1,563,203.87
Depreciation and Renewals Reserve.....	1,842,295.12
Provision for Accidents.....	120,553.72
Appraisal Expenses	123,432.68
	9,759,453.91

Net Revenue \$ 4,191,502.32

Deduct—

Bond Interest, proportion of Bond Discount written off, Cost of Exchange, and Preference Dividends.....	2,549,560.44
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	\$ 1,641,941.88
Dividends on Class A Shares for the year.....	1,550,000.00

Surplus for the year	\$ 91,941.88

REVENUE

The consolidated income statement shows that the revenue from all sources during the current year amounted to \$13,950,956, an increase of \$920,865, or 7% over last year. While the load building activities of our merchandising and sales departments have brought about increases in light, power and gas revenues, the total income of all departments is \$1,500,000 less than it was in the peak year 1930. Electric services totalling 3,121 were added during the year, the commercial load being increased by 4,800 horse power.

EXPENSES

The further restoration of wage and salary reductions in accordance with agreements with our employees has contributed to an increase in the expenses of operation and maintenance. A larger programme of plant maintenance was necessary to keep the property in satisfactory operating condition, and this fact, together with additional labour costs, increased the expenses of operation and maintenance by \$549,504 over last year.

The provision for taxes in this year's accounts amounts to \$1,563,204, compared with \$1,434,829 last year, an increase of \$128,375. This is largely due to retroactive increases in the rate of Federal income tax.

NET REVENUE

The Accident Reserve fund has been augmented by transferring the sum of \$120,553.72 to this reserve, which at 30th June now totals \$295,266.63.

The appraisal of the properties of your Company and its Subsidiaries, which was referred to in last year's report, is being carried out by the Stone & Webster Engineering Corporation of Boston, Massachusetts, and is practically completed. The property account is stated on the balance sheet at June 30th, 1936, in a similar manner to that of previous years. The completion of the appraisal will enable information as to property values to be given on future balance sheets to comply with the requirements of the Dominion Companies Act 1934. The cost of the appraisal to 30th June, 1936, was \$123,432.68, which has been written off against this year's revenue.

The net revenue for the year, after charging depreciation, interest on bonds and debentures and preference dividends, and after writing off the foregoing expenses, was \$1,641,941.88, compared with \$1,685,073.65 last year.

PLANT ADDITIONS AND BETTERMENTS

The expenditures involved in additional plant facilities during the year amounted to \$698,492, the principal items being the extension of power, light and gas services, and the purchase of additional automobile passenger equipment.

Plans are being prepared for the erection of a distribution substation in the

Grandview area, for the purpose of relieving congestion at Main Street substation and improving the light and power services in the East End of the City of Vancouver. This installation, together with the installation of underground primary power cables from the new substation and Horne-Payne receiving station to the downtown area of the city, is estimated to cost approximately \$1,000,000 over the next two years and will greatly increase the reliability of the main power supply to this important load centre.

GENERAL OPERATIONS

LIGHT AND POWER SYSTEM—While the output of power through the light and power system was the greatest in the history of the Company, being 11.2% over last year, this increase is not reflected to the same extent in the revenue from energy sales owing to the fact that a good deal of the additional energy used is paid for at the lower steps in our domestic and commercial rates.

The following figures show the progress of the power and light department during the year:

	K.W.H. OUTPUT	METER INSTALLATIONS	MOTOR LOAD IN H.P.
1936	379,789,058	129,213	173,397
1935	341,489,485	126,092	168,590

In the Bridge River gold mining area there are now eight mining companies, either in production or engaged in exploring and developing in mineralized areas, taking power from the Company's system.

GAS SYSTEM—This department of our business is still facing very keen competition from other fuels such as oil and sawdust, and appliances using such fuels and claiming low cost of operation have been developed and have made serious inroads in the domestic gas field. While the production and sale of gas this year shows an increase over last year, this increase represents the sale of gas for heating purposes at very low rates.

The quantity of gas sold compared with last year as follows:

	CUBIC FEET
1936	1,236,376,000
1935	1,189,719,000

Every effort is being made to reduce the cost of producing gas, and studies are now being made of our gas rate structures to determine whether rates can be made more attractive, particularly to the domestic customers.

RAILWAY SYSTEM—There is an increase in passenger revenue of 4.7% over last year, partly due to the increased number of passengers carried and to the fact that we operated 279,000 additional car miles this year.

The agreement with the City of Vancouver with regard to street car fares was renewed without change for a period of three years from May 8th, 1936.

It is satisfactory to note that there has been a substantial increase in the freight revenue of 28.4%. This is principally due to an improvement in the demand for wood products, the shipment of which is subject to fluctuation depending on international arrangements.

The passengers carried and freight tonnage hauled were as follows:

	PASSENGERS CARRIED	FREIGHT TONNAGE
1936	67,381,447	298,225
1935	64,455,164	215,119

TAXATION

There is an increase in the provision for taxes of \$128,375, which is mainly due to the increase in the Federal income tax rate from 13½% to 15%, in addition to which the new rate has been made effective on last year's net income as well as this year's. The Federal sales tax on materials has been increased from 6% to 8%, thereby adding to the cost of operation and construction.

The agreement with the City of Vancouver for the use of streets and lanes, under which taxes were assessed at one per cent. of the gross revenue earned within the city, expires at the end of this year. After a period of negotiation a new agreement has been entered into with the City of Vancouver, under which the tax rate for a period of three years will be 1½%, which means an increase in this tax of approximately \$40,000 per annum.

GENERAL

The year under review has shown a steady increase in the revenue of all departments, although this increase has been offset to some extent by considerable increases in operating expenses and taxes.

It has always been the policy of the Company whenever possible to reduce its charges to customers consistent with the ability of the business to stand such reductions. The domestic lighting rates have recently been revised in Vancouver by the introduction of a one cent step in the rate, and in Victoria the second step of the domestic lighting rate has been reduced from three cents to two cents per K.W.H. It is estimated that these reductions will benefit the consumers in these areas to the extent of \$90,000 per annum, which amount it is hoped will be partly recovered by an increase in the consumption of current.

While the Company has had many problems to deal with during the year, involving negotiations with the Provincial Government, the City of Vancouver and other municipalities, it has been able to conclude harmonious working arrangements

with these authorities. There has been a mutual desire in these negotiations to arrive at a reasonable settlement as between the Company and the general public.

The Directors desire to record their appreciation of the staff in their efforts to carry out their duties loyally and efficiently.

DIRECTORS

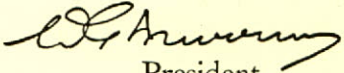
It is with extreme regret that the Directors record the passing of the Hon. Sir Frank Stillman Barnard, K.C.M.G., who had been a Director of the Company since its incorporation and who had also served as a Director of the British Columbia Electric Railway Company of which he was one of the founders in 1897. Through his long residence in the Province and his intimate knowledge of the Company's affairs he was able to contribute effectively to the Company's welfare.

To fill the vacancy on the Board, Mr. H. R. MacMillan of Vancouver has been appointed a Director of the Company.

AUDIT OF ACCOUNTS

The Balance Sheet and Accounts have been certified by Messrs. Price, Waterhouse & Co., Chartered Accountants.

Respectfully submitted on behalf of the Board,


President.

BRITISH COLUMBIA POWER
AND SUB

Consolidated Balance Sheet

ASSETS

CURRENT AND WORKING ASSETS:

Cash at Bank	\$ 1,102,784.18	
Accounts Receivable	1,686,357.77	
Insurance Unexpired and Prepaid Items	142,269.61	
Employees' Housing Loans, Mortgages, etc.	273,826.37	
Stores, Materials and Supplies on hand as determined and certified by responsible officials of the Companies, valued at average cost	1,567,398.84	
		\$ 4,772,636.77

INVESTMENTS:

Government Bonds	\$ 1,846,322.32	
Corporation's Own Bonds purchased in anticipation of Sinking Fund requirements	457,983.75	
Corporation's shares purchased by Subsidiaries for re-sale to customers and employees	812,234.00	
Sundry Investments	10,855.00	
(Market Value, June 30, 1936 — \$3,123,973.27)	\$ 3,127,395.07	
City of Vancouver 3% Instalment Debentures and Greater Vancouver Water District 4% Debentures — at cost	275,000.00	
		3,402,395.07
		\$ 8,175,031.84
BOND DISCOUNT—Balance		293,792.00

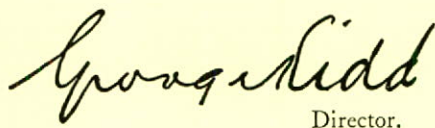
PROPERTY ACCOUNT:

Balance at June 30th, 1935, and cost of additions during the year	\$139,512,293.50	
Less Provision for Depreciation and Renewals	25,875,868.45	
		113,636,425.05

\$122,105,248.89

Approved on behalf of the Board:


Director.


Director.

CORPORATION LIMITED

SUBSIDIARIES

as at June 30, 1936

LIABILITIES

CURRENT AND ACCRUED LIABILITIES:

Accounts Payable	\$ 1,293,437.23
Reserve for Income and Other Taxes.....	1,086,620.88
Debenture and Bond Interest Accrued.....	494,852.05
Dividends Declared, since paid.....	649,600.00
	<u>\$ 3,524,510.16</u>

BOND DEBT (as per statement attached).....	38,611,498.15
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CAPITAL STOCKS OF SUBSIDIARY COMPANIES HELD BY PUBLIC:

<i>British Columbia Electric Railway Co. Ltd.—</i>	
5% Cumulative Perpetual Preference Stock.....	\$ 6,984,000.00
<i>British Columbia Electric Power & Gas Co. Ltd.—</i>	
6% Cumulative Preference Shares.....	5,000,000.00
The Company has the right to redeem these 6% Preference Shares with a premium of 5%, subject to the sanction of the Supreme Court of British Columbia.	
Minority Shareholders of Subsidiary Companies.....	3,446.25
	<u>11,987,446.25</u>

RESERVES:

General and Accident.....	1,376,628.35
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CAPITAL:

Authorized—

1,500,000 Class A Shares without nominal or par value entitled to non-cumulative preferential dividends aggregating \$2.00 per share and equal participation with Class B Shares up to a further \$3.00 per share, redeemable any time on resolution of Directors at \$100.00 per share.

1,500,000 Class B Shares without nominal or par value.

Issued—

1,000,000 Class A Shares and

1,000,000 Class B Shares issued for a total cash consideration of..... \$ 59,250,000.00

CAPITAL SURPLUS:

Surpluses of Subsidiary Companies as at May 19th, 1928, the date of the acquisition of their Capital Stocks by the Corporation.....	6,115,764.59
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EARNED SURPLUS:

As per statement attached.....	1,239,401.39
	<u>66,605,165.98</u>

\$122,105,248.89

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the Books and Accounts of the British Columbia Power Corporation Limited, and its Subsidiary Companies for the year ending June 30th, 1936, and have obtained all the information and explanations which we have required. The Property Account is stated in a similar manner to previous years which, however, does not conform to Section 112 of the Dominion Companies Act 1934, which requires fuller information. This matter is referred to in the accompanying Report of the Directors in connection with the appraisal of the properties. Subject thereto we report that, in our opinion, the above Balance Sheet at June 30th, 1936, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

VANCOUVER, B. C.,

August 15th, 1936.

PRICE, WATERHOUSE & CO.,

Chartered Accountants.

BRITISH COLUMBIA POWER CORPORATION LIMITED
AND SUBSIDIARIES

*Consolidated Statement of Profit and Loss and Earned Surplus Account
for the Year Ended June 30, 1936*

Gross Revenue from Operations.....	\$13,828,448.33	
Income from Investments.....	122,507.90	
		\$13,950,956.23
<i>Deduct—</i>		
Operating Expenses, including Municipal Taxes	\$ 6,674,517.04	
Legal Fees and Executive Remuneration.....	88,351.21	
Directors' Fees	19,135.00	
Provision for Accidents	120,553.72	
Provision for Depreciation and Renewals.....	1,842,295.12	
Provision for Income Taxes	891,169.14	
		9,636,021.23
		\$ 4,314,935.00
<i>Deduct—</i>		
Interest on Bond Debt	\$ 1,828,014.06	
Proportion of Bond Discount written off.....	12,414.00	
Cost of Exchange	59,932.38	
Appraisal Expense written off.....	123,432.68	
		2,023,793.12
Net Profit for the year.....		\$ 2,291,141.88
<i>Deduct—</i>		
Dividends on Preference Stocks of Subsidiary Companies—		
5% Cumulative Perpetual Preference Stock	\$ 349,200.00	
6% Cumulative Preference Shares.....	300,000.00	
		649,200.00
		\$ 1,641,941.88
<i>Deduct—</i>		
Dividends on Class A Shares for the year ended June 30th, 1936.....		1,550,000.00
		\$ 91,941.88
<i>Add—</i>		
Earned Surplus—Balance at June 30th, 1935	\$ 1,219,764.84	
<i>Deduct—</i>		
Provision for Income Taxes relating to periods to June 30th, 1935.....	72,305.33	
		1,147,459.51
Earned Surplus—Balance at June 30th, 1936.....		\$ 1,239,401.39

BRITISH COLUMBIA POWER CORPORATION LIMITED
AND SUBSIDIARIES

Bond Debt as at June 30, 1936

BRITISH COLUMBIA POWER CORPORATION LTD.:

5½% First Refunding and Collateral Trust Sinking Fund Gold Bonds, Series "A," maturing March 1st, 1960—		
Authorized and Issued	\$10,000,000.00	
Less—Redeemed	132,000.00	
		\$ 9,868,000.00
5% First Refunding and Collateral Trust Sinking Fund Gold Bonds, Series "B," maturing March 1st, 1960—		
Authorized and Issued	\$ 4,000,000.00	
Less—Redeemed	55,500.00	
		3,944,500.00
		<u>\$13,812,500.00</u>

BRITISH COLUMBIA ELECTRIC RAILWAY CO. LTD.:

4¼% Perpetual Consolidated Debenture Stock.....	£2,788,170 0 0	
	@ \$4.85	13,522,624.50

VANCOUVER POWER CO. LTD.:

4¼% Perpetual Guaranteed Debenture Stock—		
Authorized £1,917,350, of which issued.....	£1,500,000 0 0	
	@ \$4.85	7,275,000.00

WESTERN POWER COMPANY OF CANADA, LTD.:

First Mortgage 5% Sinking Fund Gold Bonds, maturing July 1st, 1949—		
Authorized and Issued.....	\$ 5,000,000.00	
Less—		
Redeemed	\$819,233.24	
Held by British Columbia Electric Railway Co. Ltd. 179,393.11		
	998,626.35	
		4,001,373.65
As per Consolidated Balance Sheet.....		<u>\$38,611,498.15</u>

